

**Public Employees' Retirement System  
Board of Administration  
2019-2020 Legislative Session  
State and Federal Update  
Status as of June 5, 2019**

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**Sponsored Bills**

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**AB 672 (Cervantes)** Introduced: 2/15/2019

CalPERS Position: Sponsor

**Restrictions on Disability Retirees who become Retired Annuitants.** Prohibits disability and industrial disability retirees from returning to a retired annuitant position similar to or closely resembling the position from which they retired for disability, or in a position which includes duties or activities they were restricted from performing at the time of their disability retirement.

*Action Taken: Monitoring*

*Location: Scheduled to be heard in the Senate Labor, Public Employment and Retirement Committee on June 12, 2019.*

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**SB 782 (Committee on Labor, Public Employment and Retirement)** Introduced: 3/7/2019

CalPERS Position: Sponsor

**CalPERS 2019 Omnibus Bill.** Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

*Action Taken: Monitoring*

*Location: 5/30/2019-Assembly Public Employment and Retirement Committee*

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**Active State Bills**

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**AB 181 (Rodriguez)** Amended: 3/25/2019

CalPERS Position: Support

**Emerging Investment Managers.** Requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to each define the term "emerging manager". It also requires each retirement system to submit a report to the Legislature beginning on or before March 1, 2021, on the status of achieving appropriate objectives and initiatives regarding participation of emerging managers responsible for asset management within its portfolio of investments.

*Action Taken: Sent letter of support to Author.*

*Location: 5/29/2019-Senate Rules Committee*

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**AB 290 (Wood)** Amended: 5/17/2019

CalPERS Position: N/A

**Health Care Service Plans: Third-Party Payments.** Among other things, establishes reporting requirements for financially-interested third-party entities, including a chronic dialysis clinic that is operated, owned, or controlled by a parent entity or related entity that meets the definition of a large dialysis clinic organization. The bill prohibits these entities from making a premium payment unless it discloses the enrollee's name to the health care service plan in advance. It limits any reimbursements to the enrollee's policy rate or the Medicare rate, whichever is lower. If the third-party payor does not meet the disclosure requirements, it allows the health care service plan to recover 120 percent of the payment differences from the health care provider, as specified.

*Action Taken: Monitoring*

*Location: 5/29/2019-Senate Health Committee*

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**AB 598 (Bloom)** Amended: 5/16/2019

CalPERS Position: N/A

**Hearing Aids for Minors.** Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2020, to cover hearing aids, as defined, for enrollees or insureds under the age of 18. The bill limits the maximum coverage amount to \$3,000 per individual hearing aid, and specifies that the individual shall be responsible for the difference between the cost of the hearing aid and the maximum coverage amount.

*Action Taken: Monitoring*

*Location: 5/29/2019-Senate Rules Committee*

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**AB 731 (Kalra)** Amended: 5/16/2019

CalPERS Position: N/A

**Health Plan Data and Rate Review.** Currently, a health care service plan or health insurer offering a contract or policy in the individual or small group market is required to file specified rate information, including total earned premiums and total incurred claims for each contract or policy form, with the appropriate department at least 120 days before implementing a rate change. The bill applies this requirement to the large group market. It also requires health plan contracts and health insurers to provide additional information such as rate review data disaggregated by benefit category and region and a comparison to Medicare prices for the same service such as hospital inpatient care or laboratory tests. Makes integrated healthcare delivery systems to report rates based on spending and use by type of service. Finally, if a plan or insurer fails to provide all the information required, the bill would specify that the filing is an unjustified rate.

*Action Taken: Met with the Sponsors.*

*Location: 5/24/2019-Senate Rules Committee*

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**AB 767 (Wicks)** Amended: 5/16/2019

CalPERS Position: N/A

**Infertility Treatment.** Would state the intent of the Legislature to consider the inclusion of infertility treatment in the definition of essential health benefits.

*Action Taken: Monitoring*

*Location: 5/29/2019-Senate Rules Committee*

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**AB 824 (Wood)** Amended: 5/16/2019

CalPERS Position: N/A

**Preserving Access to Affordable Prescription Drugs.** Creates a legal presumption that patent infringement settlement agreements between generic and brand-name drug manufacturers are anticompetitive. Moreover, the parties that enter these agreements are subject to a civil penalty unless they can prove by a preponderance of evidence that the agreements are (1) fair and reasonable compensation solely for goods and services the generic manufacturer has agreed to provide, or (2) generate procompetitive effects.

*Action Taken: Monitoring*

*Location: 5/24/2019-Senate Desk*

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**AB 1212 (Levine)** Amended: 5/16/2019

CalPERS Position: N/A

**Investments into State Infrastructure Projects.** Requires specified state agencies that are responsible for infrastructure projects to develop a list of priority projects to provide to CalPERS and CalSTRS for investment consideration. It also requires these state agencies to provide additional information, upon request, to the boards to determine if the project is a suitable investment. This bill is limited to the Business, Consumer Services, and Housing Agency, the Department of Transportation, and the Department of Water Resources.

*Action Taken: Monitoring*

*Location: 5/30/2019-Senate Rules Committee*

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**AB 1320 (Nazarian)** Amended: 4/4/2019

CalPERS Position: Oppose

**Divestment from Turkish Investment Vehicles.** Requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to divest from any investment vehicle in Turkey that is issued, owned, controlled, or managed by the government of Turkey, upon the passage of a federal law imposing sanctions on the government of Turkey for failure to acknowledge the Armenian Genocide, as specified.

*Action Taken: Sent letter of opposition to Author and Assembly Appropriations Committee Members.*

*Location: 5/24/2019-Senate Rules Committee*

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**AB 1611 (Chiu)** Amended: 5/16/2019

CalPERS Position: N/A

**Emergency Care Costs.** Requires specified health plan contracts and health insurance policies issues, amended or renewed on or after January 1, 2020, to provide that enrollees pay for in-network costs for emergency care from a noncontracting hospital. Ensures that health plans and insurers pay a contracting hospital at a specified formula when an enrollee has received emergency care or poststabilization care and would provide a dispute resolution procedure if any party is dissatisfied with payment.

*Action Taken: Monitoring*

*Location: 5/30/2019-Senate Desk*

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**SB 163 (Portantino)** Amended: 5/17/2019

CalPERS Position: N/A

**Behavioral Health Treatment Coverage for Pervasive Developmental Disorder or Autism.** Among other things, expands the definition of behavioral health treatment for autism to require the services and treatment programs provided to be based on behavioral, developmental, relationship-based, or other evidence-based models. It also prohibits health plans and insurers from denying or reducing medically necessary behavioral health treatment based solely on the setting, location, or time of treatment, or on a lack of parent or caregiver participation. It also expands the definition of qualified autism service professionals and requires they undergo background checks.

*Action Taken: Monitoring*

*Location: 6/3/2019-Assembly Health Committee*

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**SB 184 (Moorlach)** Amended: 5/17/2019

CalPERS Position: N/A

**Judges' Retirement System II: Deferred Retirement.** Allows a member of the Judges' Retirement System II age 60 years or older with a minimum of five years of service, or who accrues a minimum of twenty years of service, to leave the bench and to elect to receive a monthly defined benefit allowance upon attaining the existing age and service requirements of age 65 with at least 20 years of service, or age 70 with at least five years of service.

*Action Taken: Provided technical amendments to Author.*

*Location: 5/30/2019-Assembly Public Employment and Retirement Committee*

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**SB 266 (Leyva)** Amended: 5/17/2019

CalPERS Position: N/A

**Administration of Reportable Compensation.** Among other things, this bill defines "disallowed compensation" and stipulates what would occur if disallowed compensation is reported by the state, school employer, or contracting agency including requiring the employer to pay a retiree the actuarial equivalent of any reduced retirement benefit. It also allows the state, school employer, or contracting agency to submit additional proposed compensation items to CalPERS to determine compliance with existing law.

*Action Taken: Engaging with Author and Sponsor.*

*Location: 5/30/2019-Assembly Public Employment and Retirement Committee*

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**SB 343 (Pan)** Introduced: 2/19/2019

CalPERS Position: N/A

**Health Plan Data Disclosure and Rate Review.** Removes an exemption from current law for health plan data disclosure, which has permitted Kaiser Permanente to disclose data differently than other health plans in California. As such, the bill subjects Kaiser Permanente to the same disclosure requirements as other health plans.

*Action Taken: Monitoring*

*Location: 5/24/2019-Assembly Health Committee*

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**SB 430 (Wieckowski)** Amended: 5/17/2019

CalPERS Position: N/A

**PEPRA Exemption for New Judges.** Allows judges elected in 2012, as specified, to make a one-time, irrevocable election between March 1, 2020, and March 30, 2020, to be prospectively exempt from the definition of new member under the Public Employees' Pension Reform Act of 2013 (PEPRA) as of July 1, 2020, and be subject to a one-year final compensation period used to calculate retirement benefits and an employee contribution rate of eight percent of salary. Service accrued and contributions paid between January 1, 2013, and June 30, 2020, shall be subject to the new member definition under PEPRA. Provides that CalPERS has no obligation to inform or locate people who may be subject to these provisions. Stipulates that these provisions do not impact the rights of the Legislature to increase contributions or reduce benefits as provided by existing law.

*Action Taken: Monitoring*

*Location: 5/30/2019- Assembly Public Employment and Retirement Committee*

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**SB 600 (Portantino)** Amended: 4/30/2019

CalPERS Position: N/A

**Health Care Coverage for Fertility Preservation.** Prohibits health plan contracts or health insurers to deny coverage for standard fertility preservation treatments for enrollees or insureds who undergo medically necessary treatments such as chemotherapy, radiation, and certain surgeries. Delegates the treating physicians to determine medical necessity, thereby, removes health plan contracts or health insurers to determine coverage.

*Action Taken: Monitoring*

*Location: 5/30/2019-Assembly Health Committee*

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**SB 746 (Bates)** Amended: 5/30/2019

CalPERS Position: N/A

**Coverage for Anticancer Medical Devices.** Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2020, to cover anticancer medical devices. Defines an anticancer medical device as a device that is approved by the federal Food and Drug Administration or is exempt from that approval, used primarily outside of a medical facility, and confirmed to be medically reasonable and necessary in the treatment of cancer.

*Action Taken: Monitoring*

*Location: 5/30/2019-Scheduled to be heard in the Assembly Health Committee on June 11, 2019.*

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**Inactive State Bills**

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**AB 33 (Bonta)** Introduced: 12/3/2018

CalPERS Position: Oppose

**Private Prison Divestment.**

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**AB 287 (Voepel)** Introduced: 1/28/2019

CalPERS Position: N/A

**Retirement System Annual Investment Report.**

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**AB 312 (Cooley)** Introduced: 1/29/2019

CalPERS Position: N/A

**State Agency Regulatory Reform.**

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**AB 844 (Irwin)** Amended: 3/5/2019

CalPERS Position: N/A

**Financial Impacts on Mandated Hospital Services and Activities.**

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**AB 979 (Reyes)** Introduced: 2/21/2019

CalPERS Position: N/A

**Judges' Retirement System II: Deferred Retirement.**

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**AB 1198 (Stone, Mark)** Amended: 3/21/2019

CalPERS Position: N/A

**PEPRA Exceptions: Transit Employees.**

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**AB 1332 (Bonta)** Amended: 4/29/2019

CalPERS Position: N/A

**Sanctuary State Contracting Act.**

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**SB 341 (Morrell)** Introduced: 2/19/2019

CalPERS Position: N/A

**Public Retirement Systems: Actuarial and Investment Reporting.**

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## Federal Bills

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**H.R. 141 – Davis, Rodney (R-IL)** Introduced:1/3/2019

CalPERS Position: N/A

**Social Security Fairness Act.** Repeals the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act, which impacts state and local government retirees that have earned pensions through employment not coordinated with Social Security.

*Action Taken: Monitoring*

*Status: 1/31/2019 – Referred to the House Committee on Ways and Means, Subcommittee on Social Security.*

*Note: S. 521 (Brown D-OH) is companion legislation that was introduced on February 14, 2019. Staff is monitoring this companion legislation.*

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**H.R. 624 – Waters, Maxine (D- CA)** Introduced:1/16/2019

CalPERS Position: Support

**Promoting Transparent Standards for Corporate Insiders Act.** Requires the Securities and Exchange Commission (SEC) to study and report on possible revisions to regulations regarding Rule 10b5-1 trading plans. Such plans allow certain employees of publicly traded corporations to sell their shares without violating prohibitions on insider trading. The bill requires the study and report to address multiple trading plans, the timing of trades under trading plans, the timing of trade plan modifications and cancellations, and the disclosure of trade plan adoptions, amendments, terminations and transactions. It also requires the SEC to revise regulations consistent with the results of the study.

*Action Taken: Sent a letter to House Financial Services Chairwoman Maxine Waters and Ranking Member Patrick McHenry on January 22, 2019 in support of the bill.*

*Status: 1/29/2019 – Referred to the Senate Committee on Banking, Housing, and Urban Affairs.*

*Note: S. 573 (Van Hollen D-MD) is companion legislation that was introduced on February 27, 2019. Staff is monitoring this companion legislation.*

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**H.R. 748 – Courtney, Joe (D-CT)** Introduced:1/24/2019

CalPERS Position: N/A

**Middle Class Health Benefits Tax Repeal Act of 2019.** Repeals the excise tax on employer-sponsored health care coverage for which there is an excess benefit (high-cost plans). The repeal applies to taxable years beginning after December 31, 2019.

*Action Taken: Monitoring*

*Status: 1/24/2019—Referred to the House Committee on Ways and Means.*

*Note: S. 684 (Heinrich D-NM) is companion legislation that was introduced on March 6, 2019. Staff is monitoring this companion legislation*

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**H.R. 978 – Matsui, Doris (D- CA)** Introduced:2/5/2019

CalPERS Position: N/A

**Clean and Efficient Cars Act of 2019.** Codifies the Department of Transportation (DOT) and Environmental Protection Agency (EPA) standards established in 2012 for light-duty vehicle greenhouse gas emissions and Corporate Average Fuel Economy (CAFE) for model years 2021 thru 2025. It also prohibits the DOT and EPA from establishing loopholes in those standards.

*Action Taken: Monitoring*

*Status: 2/5/2019—Referred to the House Committee on Energy and Commerce.*

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**H.R. 2923 – Lee, Barbara (D-CA)** Introduced:5/22/2019

CalPERS Position: N/A

**Inclusive Prosperity Act of 2019.** Imposes a “financial transaction tax” on trades of stocks, bonds, and derivatives at the following rates: 0.5 percent for stocks, 0.1 percent for bonds, and 0.005 percent for derivatives.

*Action Taken: Monitoring*

*Status: 5/22/2019 – Referred to the House Committee on Ways and Means.*

*Note: S. 1587 (Sanders I-VT) is companion legislation that was introduced on May 22, 2019. Staff is monitoring this companion legislation.*

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**S. 80 – Barrasso, John (R- WY)** Introduced:1/10/2019

CalPERS Position: N/A

**Jobs and Premium Protection Act.** Repeals the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act.

*Action Taken: Monitoring*

*Status: 1/10/2019—Referred to the Senate Committee on Finance.*

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**S. 172 – Gardner, Cory (R- CO)** Introduced:1/16/2019

CalPERS Position: N/A

**Health Insurance Tax Relief Act of 2019.** Delays the reimposition of the annual fee on health insurance providers until after 2021.

*Action Taken: Monitoring*

*Status: 1/16/2019—Referred to the Senate Committee on Finance.*

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**S. 340 – Leahy, Patrick J. (D- VT)** Introduced: 2/5/2019

CalPERS Position: N/A

**Creating and Restoring Equal Access to Equivalent Samples Act of 2019.** Promotes competition in the market for drugs and biological products by facilitating the timely entry of lower-cost generic and biosimilar versions of those drugs and biological products.

*Action Taken: Monitoring*

*Status: 2/6/2019—Placed on Senate Floor.*

*Note: H.R. 965 (Cicilline D-RI) is companion legislation that was introduced on February 5, 2019. Staff is monitoring this companion legislation.*

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**S. 592 – Reed, Jack (D- RI)** Introduced:2/28/2019

CalPERS Position: N/A

**The Cybersecurity Disclosure Act of 2019.** Requires the Securities and Exchange Commission (SEC) to issue final rules requiring publicly traded companies to disclose whether any member of its governing body has expertise or experience in cybersecurity in its mandatory annual report or annual proxy statement. If no member has such expertise or experience, the company must describe what other company cybersecurity steps were taken into account by the persons responsible for identifying and evaluating nominees for the governing body.

*Action Taken: Monitoring*

*Status: 2/28/2019—Senate Committee on Banking, Housing, and Urban Affairs. Hearings held.*

*Note: H.R. 1731 (Himes D-CT) is companion legislation that was introduced on March 13, 2019. Staff is monitoring this companion legislation.*

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**S. 647 – Schatz, Brian (D-HI)** Introduced:3/5/2019

CalPERS Position: N/A

**Wall Street Tax Act of 2019.** Taxes the sale of stocks, bonds, and derivatives at 0.1 percent. The tax would apply to the fair market value of equities and bonds, and the payment flows under derivatives contracts. Initial public offerings and short-term debt (with a maturity of less than 100 days) would be exempted.

*Action Taken: Monitoring*

*Status: 3/5/2019—Referred to the Senate Committee on Finance.*

*Note: H.R. 1516 (DeFazio D-OR) is companion legislation that was introduced on March 5, 2019. Staff is monitoring this companion legislation.*

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**S. 1140 – Smith, Tina. (D-MN)** Introduced: 4/11/2019

CalPERS Position: N/A

**Protecting Access to Biosimilars Act of 2019.** Subjects insulin to the Food and Drug Administration's (FDA's) biosimilar pathway intended to bring low-cost, generic insulin products to market. It ensures these products adhere to requirements that prevent the ability of insulin manufacturers to game the exclusivity system and keep their market share; and ensures older insulin products that are now regulated as biologics do not suddenly receive the 12-year exclusivity granted to newly-licensed biologics.

*Action Taken: Monitoring*

*Status: 2/6/2019—Senate Committee on Health, Education, Labor and Pensions.*

*Note: H.R. 2011 (DeGette D-CO) is companion legislation that was introduced on April 1, 2019. Staff is monitoring this companion legislation.*

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**S. 1169 – Gardner, Cory (R-CO)** Introduced:4/11/2019

CalPERS Position: N/A

**Ensuring Timely Access to Generics Act of 2019.** Specifies factors that the Secretary of the Food and Drug Administration (FDA) must consider when determining whether citizen petitions have been submitted for the primary purpose of delaying approval of an application for biosimilar or generic drug manufacture. It also requires publication of such citizen petitions and requires referral of specified matters to the Federal Trade Commission (FTC).

*Action Taken: Monitoring*

*Status: 4/11/2019—Senate Committee on Health, Education, Labor and Pensions.*

*Note: H.R. 2374 (Jeffries D-NY), H.R. 2387 (Levin D-MI) and S. 1224 (Klobuchar D-MN) are related legislation that staff is monitoring.*

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**S. 1209 – Cassidy, Bill (R-LA)** Introduced:4/11/2019

CalPERS Position: N/A

**Reforming Evergreening and Manipulation that Extends Drug Years Act.** Amends the Abbreviated New Drug Application (ANDA) process used by the Food and Drug Administration (FDA) to review and approve generic prescription drugs listed in its Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book). Among other things, it allows generic manufacturers to enter the market based on their assessment of the secondary patent validity and the risk of legal action by a brand-name drug manufacturer once its drug substance patent and all exclusivities expire.

*Action Taken: Monitoring*

*Status: 4/11/2019—Senate Committee on Health, Education, Labor and Pensions.*

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